

DIVISION OF SOCIAL SERVICES
Subrecipient Self-Assessment of Internal Controls and Risks

Subrecipient Name: Polk County Department of Social Services Date Prepared: 3/2/2004

*Answer yes if activity in question is performed by another county agency, i.e., the Finance office or the County Managers office. **Each No answer indicates a potential weakness of internal fiscal controls.** All No answers require an explanation of mitigating controls or to note planned changes. If more space is needed use the back of the page.*

CONTROL ENVIRONMENT

A. Management's Philosophy and Operating Style

Yes N/A No

- Yes 1. Are periodic (monthly, quarterly) reports on the status of actual to budgeted performance prepared and reviewed by top management?
- Yes 2. Are unusual variances between budgeted revenues and expenditures and actual expenditures and revenues examined?
- Yes 3. Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?

B. Organizational Structure

- Yes 4. Is there a current organizational chart defining the lines of responsibility?
- Yes 5. Has all management staff been sufficiently trained to perform their assigned duties?
- Yes 6. Are all key management positions currently filled?

C. Assignment of Authority and Responsibility

- Yes 7. Are sufficient training opportunities to improve competency and update employees on new policies and procedures available?
- Yes 8. Have managers been provided with clear goals and direction from the governing body or top management?

HUMAN RESOURCES

A. Control Activities / Information and Communication:

Yes N/A No

- Yes 1. Are personnel policies in writing?(Can be agency, county or state)
- Yes 2. Are personnel files maintained for all employees?

Yes N/A No

- Yes___ 3. Are payroll costs accurately charged to federal and state grants using time spent in each program?
- Yes ___ 4. Are accurate, up-to-date-position descriptions available?
- Yes___ 5. Do all supervisors and managers have at least a working knowledge of personnel policies and procedures?
- Yes ___ 6. Does each supervisor and manager have a copy or access to a copy of personnel policies and procedures?
- Yes___ 7. Does management ensure compliance with the agency's personnel policies and procedures manual concerning hiring, training, promoting, and compensating employees?
8. Are the following duties generally performed by different people?
- Yes ___ a. Processing personnel action forms and processing payrolls?
- Yes ___ b. Supervising and timekeeping, payroll processing, disbursing, and making general ledger entries?
- c. Personnel and:
- Yes___ 1) Approving time reports?
- Yes ___ 2) Payroll preparation?
- Yes ___ d. Recording the payroll in the general ledger and the payroll processing function?
- Yes___ 9. Is access to payroll/personnel files limited to authorized individuals?
- Yes ___ 10. Are procedures in place to ensure that all keys, equipment, credit cards, etc. are returned by the terminating employee?
- Yes ___ 11. Is information on employment applications verified and are references contacted?
- Yes___ 12. Are all employees given a performance evaluation?

ACCOUNTS PAYABLE

A. Control Activities / Information and Communication:

Yes N/A No

- Yes___ 1. Has the agency established procedures to ensure that all voided checks are properly accounted for and effectively canceled?

Yes N/A No

- Yes ____ ____ 2. Do invoice-processing procedures provide for:
- Yes ____ ____ a. Obtaining copies of requisitions, purchase orders and receiving reports?
- Yes ____ ____ b. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order?
- Yes ____ ____ c. Comparison of invoice quantities with those indicated on the receiving reports?
- Yes ____ ____ d. As appropriate, checking accuracy of calculations?
- Yes ____ ____ e. Alteration/mutilation of extra copies of invoices to prevent duplicate payments?
- Yes ____ ____ f. All file copies of invoices are stamped paid to prevent duplicate payments?
- Yes ____ ____ 3. Are payments made only on the basis of original invoices and to suppliers identified on supporting documentation?
- Yes ____ ____ 4. Is the accounting and purchasing departments promptly notified of returned purchases, and are such purchases correlated with vendor credit memos?
5. Are monthly reconciliation's performed on the following:
- ____ N/A ____ a. All petty cash accounts?
- Yes ____ ____ b. All bank accounts?
- Yes ____ ____ c. All subsidiary accounts to the general ledger accounts?
6. Are the following duties generally performed by different people?
- Yes ____ ____ a. Requisitioning, purchasing, and receiving functions and the invoice processing, accounts payable, and general ledger functions?
- Yes ____ ____ b. Purchasing, requisitioning and receiving?
- Yes ____ ____ c. Invoice processing and making entries to the general ledger?
- Yes ____ ____ d. Preparation of cash disbursements, approval of them, and making entries to the general ledger?
- Yes ____ ____ e. Making detail cash disbursement entries and entries to the general ledger?
- Yes ____ ____ 7. Is check signing limited to only authorized personnel?
- Yes ____ ____ 8. Are disbursements approved for payment only by properly designated officials?

Yes N/A No

- Yes ____ 9. Is the individual responsible for approval or check signing furnished with invoices and supporting data to be reviewed prior to approval or check-signing?
- Yes ____ 10. Are unused checks adequately controlled and safeguarded?
- Yes ____ 11. Is it prohibited to sign blank checks in advance?
- Yes ____ 12. Is it prohibited to make checks out to the order of "cash"?
- Yes ____ 13. If facsimile signatures are used, are the signature plates adequately controlled and separated physically from blank checks?
- Yes ____ 14. Are purchase orders prenumbered and issued in sequence?
- Yes ____ 15. Are changes to contracts or purchase orders subject to the same controls and approvals as the original agreement?
- Yes ____ 16. Are all records, checks and supporting documents retained according to the applicable (state or federal) record retention policy?

II. FINANCIAL ASSISTANCE

ACTIVITIES ALLOWED OR UNALLOWED

Each federal and State program has specific activities that are allowed or that may be unallowed. An example of a common unallowable activity under State or federal programs would be payments for lobbying activities designed to influence State or federal legislation. Activities allowed or unallowed from each funding source are identified in grant documents, allocation letters, contracts and State and federal legislation.

Control Activities / Information and Communication:

Yes N/A No

- Yes ____ 1. Are expenditures charged to state or federal programs reviewed before purchase orders are issued to ensure that funds are used for services that are allowable?
- Yes ____ 2. Are expenditure reports reviewed to ensure adherence to Administrative funding limits?

ALLOWABLE COSTS/COST PRINCIPLES

All costs charged to State or federal funds must be reasonable and necessary for the operation and administration of the programs for which funding is received. Some funding sources limit the amount of funding available for administration.

Control Activities / Information and Communication:

Yes N/A No

- Yes ___ 1. Does the agency have an approved indirect cost plan to allocate cost between federal programs or between federal and state programs?
- Yes ___ 2. Has the approved plan been submitted to the Controller's office?
- Yes ___ 3. Are expenditures charged to state or federal programs required to be processed within the same internal accounting control system as other expenditures of the agency?
- ___ N/A ___ 4. Are contract subsystems or other means established to prevent overpayments or payments to unauthorized subrecipients?
- ___ N/A ___ 5. Are payments to subrecipients matched or compared to contracts, agreements or contract subsystems to determine the legitimacy of the subrecipient and that the payment does not exceed the contract or budgeted amount for that subrecipient?
- ___ N/A ___ 6. Are contract subsystems reconciled to the general ledger monthly?
- ___ N/A ___ 7. Are payments to subrecipients required to be supported by a properly authorized request for reimbursement or request for an advance from the subrecipient?
- Yes ___ 8. Are expenditures to state or federal programs reviewed and approved by a person with approval authority?
- Yes ___ 9. Are personnel responsible for coding expenditures to state or federal programs properly trained to determine expenditures which are allowable and allocable to the federal programs?
- Yes ___ 10. Is the method of allocating cost understood by persons responsible for coding expenditures to state or federal programs?
- Yes ___ 11. Does management review supporting documents for allowable services information?
- Yes ___ 12. Is program information issued by the Division of Social Services distributed to appropriate DSS staff?
- Yes ___ 13. Are comparisons made between prior year allowable services and current year allowable services?

CASH MANAGEMENT

Control Activities / Information and Communication:

Yes N/A No

- Yes ___ 1. Are requests for reimbursements (1571's) based on actual cash outlays?

Yes N/A No

Yes ____ 2. Are total advances or reimbursements to subrecipients of agency compared to contracts or agreements periodically?

Yes ____ 3. Are reimbursements to subrecipients of agency deferred until after the related expenditure is incurred?

4. Are the following duties generally performed by different people?

Yes ____ a. Preparing the Request for Reimbursement (1571)?

Yes ____ b. Reviewing and approving the Request for Reimbursement (1571)?

Yes ____ 5. Are Requests for Advance or Reimbursement reviewed and approved by persons with approval authority?

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Control Activities / Information and Communication:

Yes N/A No

____ N/A ____ 1. Are fixed asset records maintained that adequately classify and identify individual items, as well as detailing their location?

____ N/A ____ 2. If there are any missing assets, is a missing asset form completed?

3. Is the individual responsible for fixed assets notified when:

____ N/A ____ a. assets are received?

____ n/a ____ b. assets are donated?

Yes ____ c. asset location changes are made?

____ N/A ____ d. assets are sold?

Yes ____ e. assets are stolen or vandalized?

Yes ____ f. assets are reassigned to a different organizational entity or to another agency?

____ N/A ____ 4. Are gains or losses from disposals of fixed assets in proprietary fund types and nonexpendable trust funds properly recognized?

____ N/A ____ 5. Are fixed assets tagged when procured?

____ N/A ____ 6. Are the fixed asset subsidiary accounts balanced to the fixed asset control accounts monthly?

Yes N/A No

- Yes ____ 7. Are all asset purchases and receipts approved by a designated person with proper authority?
- ____ N/A ____ 8. Are all disposals of property approved by a designated person with proper authority?
- ____ N/A ____ 9. Has agency management chosen and documented the threshold level for capitalization in an Internal Policy/Procedure Book?
- ____ N/A ____ 10. Are all assets tagged?
- ____ N/A ____ 11. Is someone assigned custodial responsibility by location for all assets?
- ____ N/A ____ 12. Is access to the perpetual fixed asset records limited to authorized individuals?
- Yes ____ 13. Is there adequate physical security surrounding the fixed asset items?
- ____ N/A ____ 14. Is there adequate insurance coverage of the fixed asset items?
- Yes ____ 15. Are the procedures documented to repay the state or federal share of any assets disposed of or transferred to a different use prior to being fully depreciated?
- ____ N/A ____ 16. Is insurance coverage independently reviewed periodically?
- ____ N/A ____ 17. Is a fixed asset inventory taken annually?
- ____ N/A ____ 18. Are missing items investigated and reasons for them documented?

MATCHING, LEVEL OF EFFORT, OR EARMARKING

Control Activities / Information and Communication:

Yes N/A No

- Yes ____ 1. Is appropriate action taken when matching or level of effort requirements are not being met as scheduled?
- Yes ____ 2. Are matching or level of effort requirements budgeted for state or federal financial assistance programs?
- Yes ____ 3. Is a system in place to ensure that transactions are properly recorded and recorded only once for correct matching?
- Yes ____ 4. Are "in-kind" contributions and volunteer services properly documented?
- Yes ____ 5. Do designated officials review the sources of amounts budgeted to meet matching or level of effort requirements to determine if they are allowable?

Yes N/A No

Yes ____ 6. Do designated officials review budget reports periodically to determine that matching or level of effort requirements are being met as scheduled?

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Control Activities / Information and Communication:

Yes N/A No

Yes ____ 1. Does the accounting system prevent obligation or expenditure of State or Federal funds outside the availability period?

Yes ____ 2. Is staff knowledgeable of grant cut-off dates?

Yes ____ 3. Are unliquidated commitments cancelled at the end of the period of availability?

Yes ____ 4. Does management perform periodic review of expenditures before and after the grant cut-off date to ensure compliance with period of availability requirements?

Yes ____ 5. Does management review budget and actual reports of expenditures and revenues for the period?

PROCUREMENT AND SUSPENSION AND DEBARMENT

Control Activities / Information and Communication:

Yes N/A No

____ N/A ____ 1. Is there established segregation of duties between employees responsible for contracting; accounts payable and cash disbursing?

____ N/A ____ 2. Is the contractor's performance including the terms, conditions, and specifications of the contract monitored and documented?

Yes ____ 3. Do supervisors review procurement and contracting decisions for compliance with State and Federal procurement policies?

____ N/A ____ 4. Are procedures established to verify that vendors providing goods and services under the award have not been suspended or debarred by the State or Federal Government?

Yes ____ 5. Are there written policies for the procurement and contracts establishing :

Yes ____ a. contract files, Fiscal Manual

Yes ____ b. methods of procurement,

Yes ____ c. contractor rejection or selection,

Yes ____ d. basis of contract price,

Yes ____ e. verification of full and open competition,

Yes ____ f. requirements for cost or price analysis,

____ N/A ____ g. obtaining and reacting to suspension and debarment certifications,

Yes N/A No

Yes ____ h Other applicable requirements for Federal procurement,
____ N/A ____ i. Conflict of interest.

____ N/A ____ 6. Is there written policy addressing suspension and debarments of contractors?

Yes ____ 7. Is there a system in place to assure that procurement documentation is retained for the
time period required by the A-102 Common Rule, OMB Circular A-110, award agreements,
contracts, program regulations, and Social Services Record Retention schedule?

Yes ____ 8. Are there proper channels for communicating suspected procurement and contracting
improprieties?

Yes ____ 9. Does management perform periodic review of procurement and contracting activities to
determine whether policies and procedures are being followed?

PROGRAM INCOME

Control Activities / Information and Communication:

Yes N/A No

Yes ____ 1. Are collection policies and procedures clearly documented and communicated to
personnel responsible for program income?

Yes ____ 2. Are policies and procedures in place to ensure program income is deposited in the bank
and reported as collected?

Yes ____ 3. Are there policies and procedures to provide for the correct use of program income as
directed by State or Federal program requirements?

Yes ____ 4. Does the accounting system properly identify program income?

Yes ____ 5. Are there proper channels for communicating suspected improprieties in the collection or
use of program income?

Yes ____ 6. Does management compare actual program income to budget and investigate differences?

REPORTING

Through periodic reporting subrecipients provide some assurance that funds are being managed efficiently and effectively to accomplish the objectives for which the funds were provided. State and federal program requirements call for a variety of financial, performance and special reporting.

Control Activities / Information and Communication:

Yes N/A No

Yes ____ 1. Are personnel responsible for submitting required reporting information adequately
trained?

Yes N/A No

Yes ____ 2. Is the DSS-1571 submitted to the Department of Health and Human Services Office of the Controller by the twentieth calendar day of the month? (or the first workday after if the twentieth is a non-business day).

Yes ____ 3. Does the agency comply with proper record retention schedules issued by the N. C. Department of Cultural Resources, Division of Archives and History entitled "Records Retention and Disposition Schedule" for the Department of Social Services (Revised 10/7/2002); and DHHS Policy contained in the current revision of the following letters from the Office of the Controller "Records Retention And Disposition Schedule Memorandum and "Records Retention And Disposition Schedule Spreadsheet"?

Yes ____ 4. Are salaries paid at the approved rate in accordance with the county pay plan?

Yes ____ 5. Are salaries for all county DSS employees reported on the DSS-1571.

Yes ____ 6. Are fringe benefits claimed at the authorized rate?

Yes ____ 7. Are Day sheets maintained by all staff having direct client contact and performing client-related activities in more than one program.

SUBRECIPIENT MONITORING

If Federal or State funds are subgranted by the agency, the agency has the responsibility, as required by Federal and State regulations, to develop procedures to monitor that funds are appropriately spent by its subrecipient. The requirement to monitor applies only in instances where the subrecipient is granted the funds as financial assistance, and does not apply to purchase of service contracts and agreements. For example, an agreement where a subrecipient will determine eligibility for Crisis Intervention Program (CIP) payments must be monitored. An agreement where a contractor provides maintenance to computer systems does not require monitoring, even if Federal or State funds will be used to support the contract.

Control Activities / Information and Communication:

Yes N/A No

____ N/A ____ 1. Is a master list maintained of all subrecipients?

____ N/A ____ 2. Is the master list of subrecipients/contracts updated as contracts are signed or terminated?

____ N/A ____ 3. Do contracts specify that subrecipients obtain an audit in accordance with the "Single Audit Act" (Either OMB A-128, A-110 or A-133)?

____ N/A ____ 4. Are findings identified in audit reports on subrecipients entered into a tracking system or otherwise identified for an audit resolution process?

- ___ N/A ___ 5. Are responses from subrecipients indicating action to be taken on findings entered into a tracking system or otherwise identified for an audit resolution process?
Yes N/A No
- ___ N/A ___ 6. Are audit findings identified in audit reports for subrecipients assigned to appropriate personnel to resolve the findings?
- ___ N/A ___ 7. Is the audit resolution process periodically reviewed to determine that audit findings have been resolved?
- ___ N/A ___ 8. Is the monitoring guide up-to-date and does it cover all aspects of the program which would not be included in the compliance audit of the program?
- ___ N/A ___ 9. Are monitors adequately trained to evaluate the programs administered by subrecipients?
- ___ N/A ___ 10. Do monitors use a monitoring guide?
- ___ N/A ___ 11. Do monitors consider factors such as size of grants, prior monitor findings, compliance audit findings, the size of the organization receiving the grant, and the experience of the organization in administering the program in selecting subrecipients for monitoring visits?
- ___ N/A ___ 12. Are monitor workpapers, findings, and resolutions reviewed by appropriately designated officials?

Special Tests and Provisions

The specific requirements for Special Tests and Provisions are unique to each Federal and State program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. For programs listed in the annual State Compliance Supplement, the compliance supplements specify the criteria for Special Tests and Provisions. Requirements that are in all programs are found in the annual crosscutting requirements document. There may be additional compliance requirements that are not based in law or regulation, e.g., actions that were agreed to as part of the audit resolution of prior audit findings or in corrective action plans to remedy of issues identified as a result of monitoring reviews.

Control Activities / Information and Communication:

Yes N/A No

- Yes ___ ___ 1. Are compliance supplements reviewed annually by appropriate staff?
- Yes ___ ___ 2. Are the crosscutting requirements reviewed annually by appropriate staff?

III. SINGLE AUDIT

Yes N/A No

- Yes ___ ___ 1. Is the agency audited on a yearly basis by an objective public accounting firm? **If so, and if there were findings or questioned costs, please attach a copy of the findings, questioned costs and corrective actions relative to DSS. If there were no findings or**

questioned costs, please attach a copy of the opinion and management letters that so indicate.

ADDITIONAL INFORMATION/ EXAMINATIONS OF AGENCY

Responses of “No” in this section do not signify internal control weaknesses to be considered in overall evaluation of subrecipient.

Yes N/A No

- ___ ___ No 1. Has the agency undergone any other examination, monitoring, or investigation (either by an external entity or by internal audit staff) during the past year? **If so, please attach a copy of any resulting reports.**
- Yes ___ ___ 2. Has the agency undergone any reviews by the Division of Social Services in the past year? **If so, please indicate the name of the review.** (See attached)
- ___ ___ No 3. Does the agency have a functioning internal audit staff to review the operations of the agency?
- ___ N/A ___ 4. Does the internal audit staff report to an official independent of the operations under review?
- ___ N/A ___ 5. Is there an internal audit of program income for Federal or State programs?

CERTIFICATION

I hereby certify that the information presented in this self-assessment of internal controls and risk is true, accurate, and complete, to the best of my knowledge.

Agency Name

Signature, Agency Director

Date